

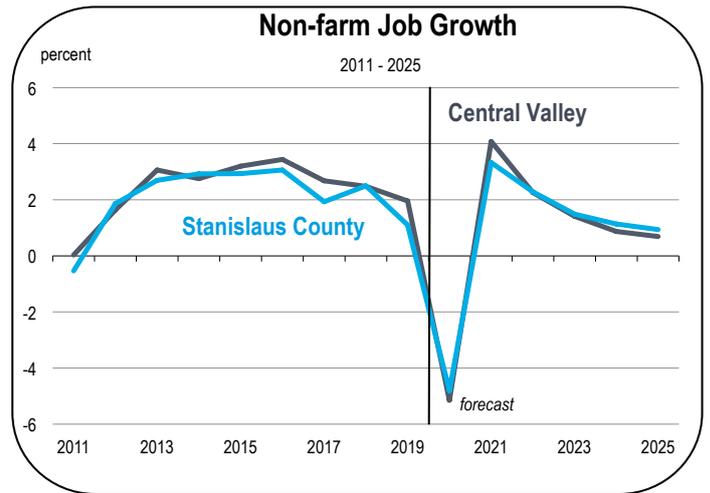
# Stanislaus County Economic Forecast

## Forecast Summary

- It is estimated that an average of 8,000 to 10,000 jobs will be lost in Stanislaus County during 2020. Job loss were heavy in the first half of the year.
- Employment losses will be largest in leisure services, retail, manufacturing, and construction.
- The unemployment rate averaged 6.2 percent in 2019. It will average somewhere between 13 percent and 15 percent for the entire year.
- The Stanislaus County population is expected to grow more slowly than the broader Central Valley during most of the forecast period.
- Home values are not expected to change much in 2020 or 2021.
- Housing production is expected to decrease sharply in 2020 but rebound convincingly in 2021 and 2022.

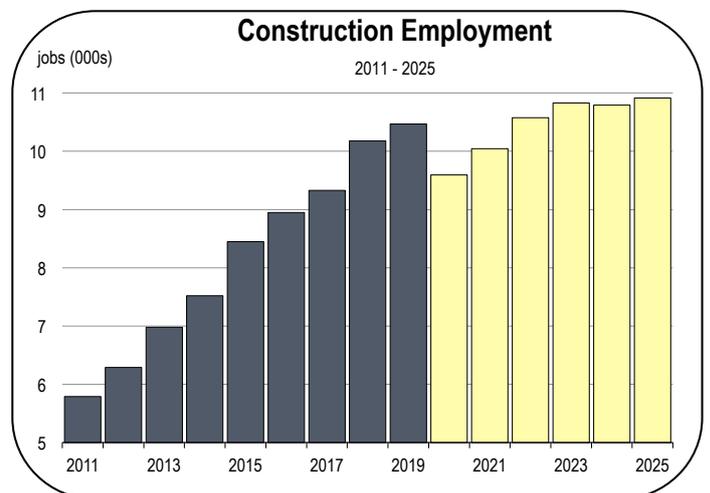
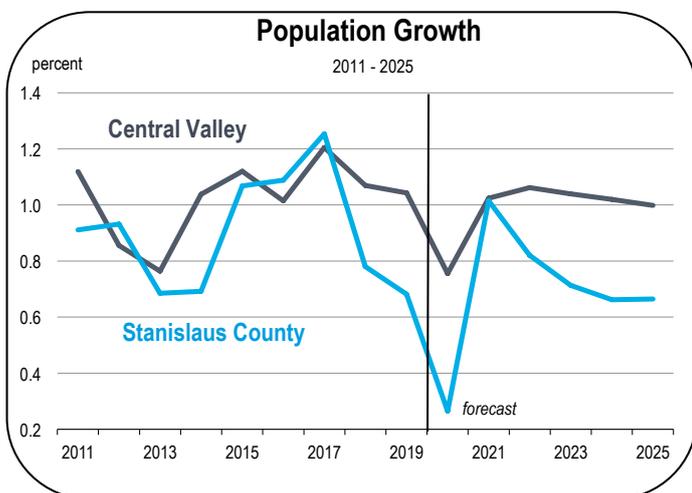
## Job Growth

- Total employment in the County will decline between 4 and 5 percent in 2020. This is an annual average change from 2019.
- In 2021, Stanislaus County is expected to re-gain many of the jobs lost during the Coronavirus recession.

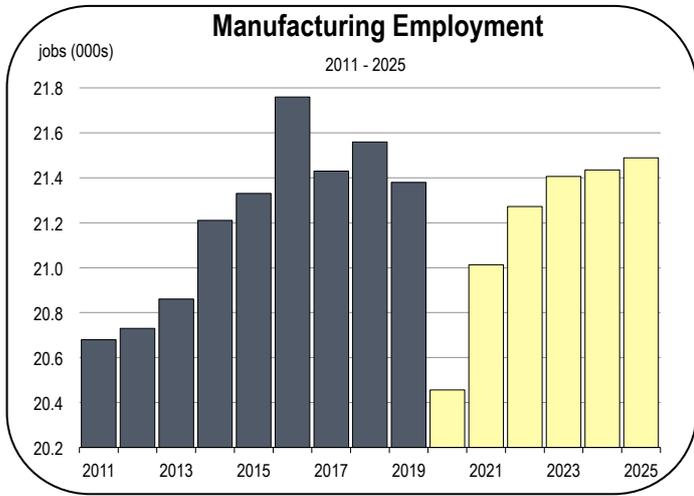


## Construction Employment

- The construction sector is expected to lose more than 800 jobs in 2020.
- Most California construction activity was deemed non-essential for several weeks in March and April, leading to significant construction layoffs that average down total employment in 2020.
- Restrictions on construction were lifted in late April, and overall construction activity could ramp back through 2021 and 2022.



# Stanislaus County Economic Forecast

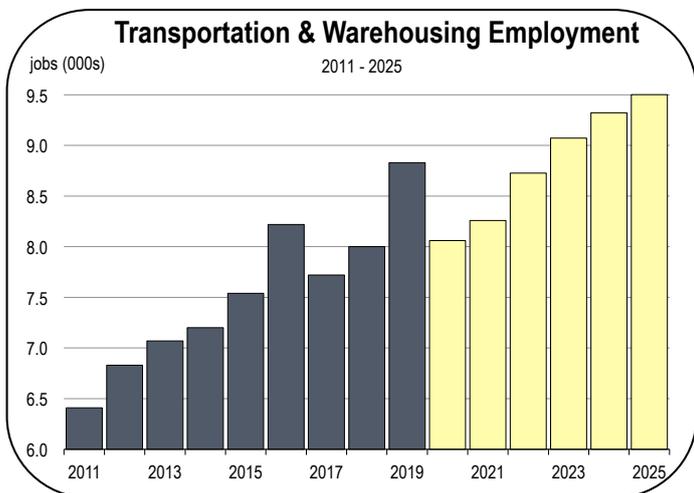


## Manufacturing Employment

- Approximately two thirds of all manufacturing jobs in the county are in firms that turn agricultural commodities into finished food and beverage products.
- The food and beverage manufacturing subsector gained several hundred jobs in 2019, before the onset of the Coronavirus recession.
- Overall manufacturing employment declined by more than 2,000 jobs during the second quarter of 2020. It began to rebound slowly during the restart phases in the summer and fall of 2020.

## Transportation and Warehousing Employment

- Most transportation jobs in Stanislaus County are in trucking and warehousing, where firms deliver goods to and from businesses and store these goods in logistics facilities.

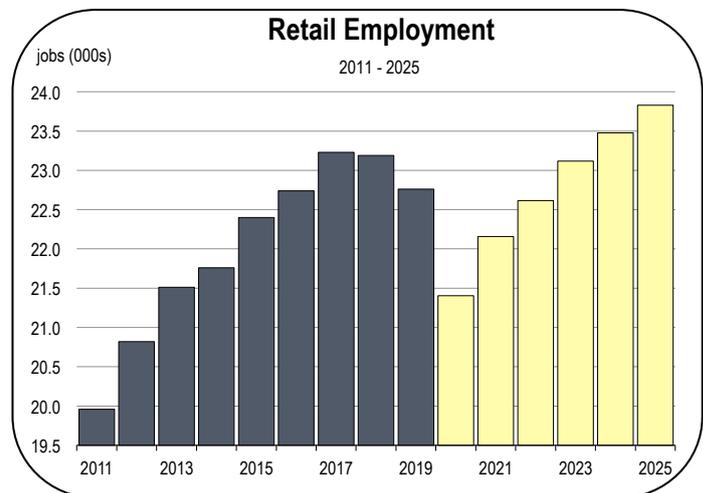


Transportation, Warehousing & Utilities / Sub-Sectors 2019	Jobs in Subsector	Subsector's Share of Overall Industry
Warehousing	3,900	43.8%
Trucking	2,600	29.2%
Ground Passenger Transportation	1,200	13.5%
Local Delivery	500	5.6%
Airports	400	4.5%
Utilities	300	3.4%

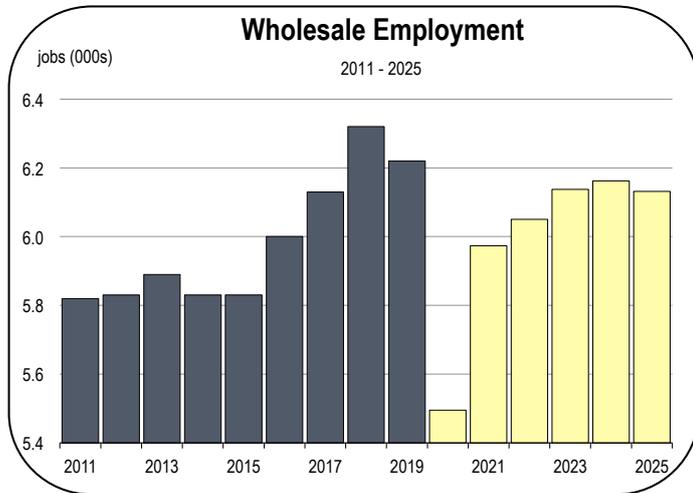
- The county has prominent logistics and fulfillment centers for Amazon, Restoration Hardware, and others.
- Job growth in trucking and warehousing was rapid before the Coronavirus recession, with overall employment levels increasing by 30 percent between 2015 and 2019.
- A meaningful number of jobs are in delivery firms like UPS, FedEx, and Instacart. Delivery firms hired large numbers of workers during the second quarter of 2020.
- Total transportation and warehousing employment declined in March and April of 2020 but began to expand again in May during Phase 2 of California's restart.

## Retail Trade Employment

- The retail sector is expected to lose more than 1,300 jobs in 2020 on an annual average basis.
- Many large retail chains chose to furlough their employees rather than lay them off completely, and furloughed workers are not considered to be unemployed. This is a technical detail that will mask the true number of work stoppages in the retail sector.



# Stanislaus County Economic Forecast



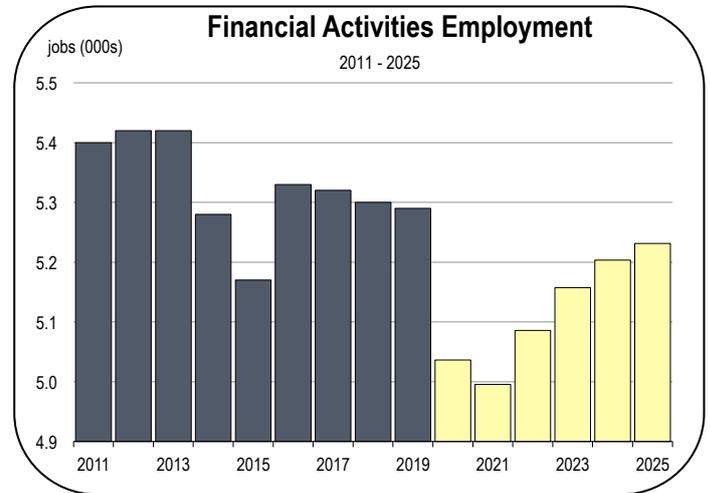
- Accounting for furloughed workers, more than 2,500 retail workers could be effectively not working and not earning an income on an annual average basis in 2020.
- It is unknown when and if retail employment will eclipse pre-recession levels because of the strengthening demand trend towards online purchasing.

## Wholesale Trade Employment

- Wholesale trade employment is expected to fall by at least 700 jobs on an annual average basis in 2020.
- Wholesale employment is likely to expand in tandem with employment in manufacturing, retail, construction, and transportation/warehousing.

## Financial Activities Employment

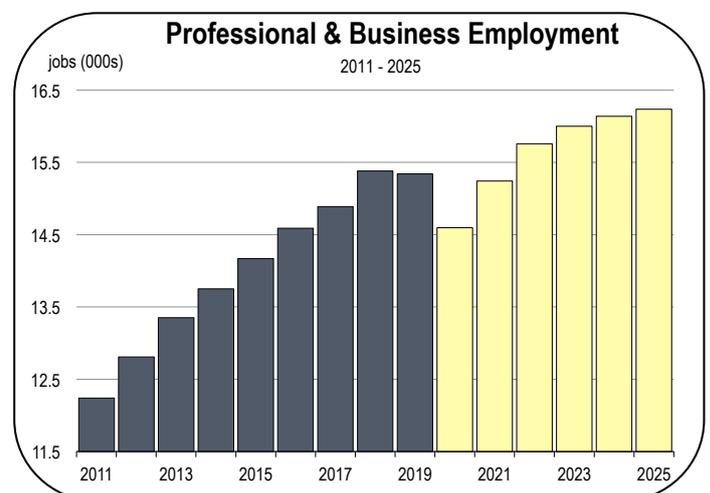
- Substantial job declines are expected this year because many employers closed, committing their employees to shelter-in-place for health reasons.
- The most prominent losses were observed in real estate sales and lending.
- In 2020 there have been far fewer homes on the market than there were last year, and there has been far less interest from potential buyers. This should translate into fewer home sales, reducing the need for real estate agents and mortgage brokers.
- Banks also reduced their head counts in the second quarter of 2020 due to a temporary reduction of in-person branch visits.



- Financial activities companies are not expected to re-gain a meaningful number of jobs in 2021 or 2022, and may not return to pre-recession employment levels during the 2020-2025 forecast period.

## Professional and Business Services Employment

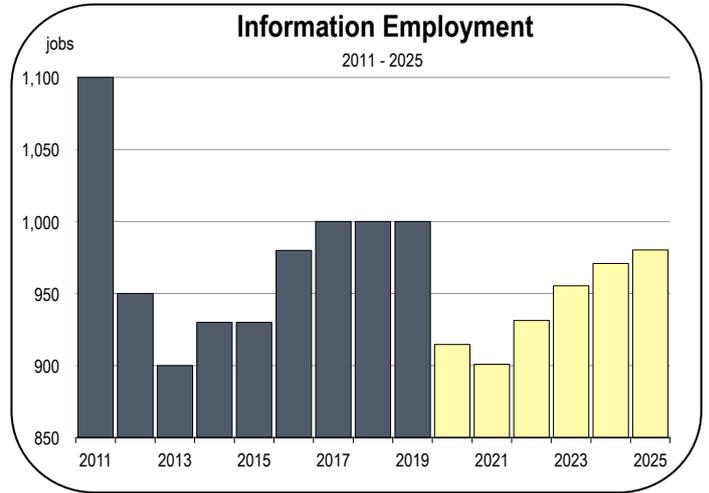
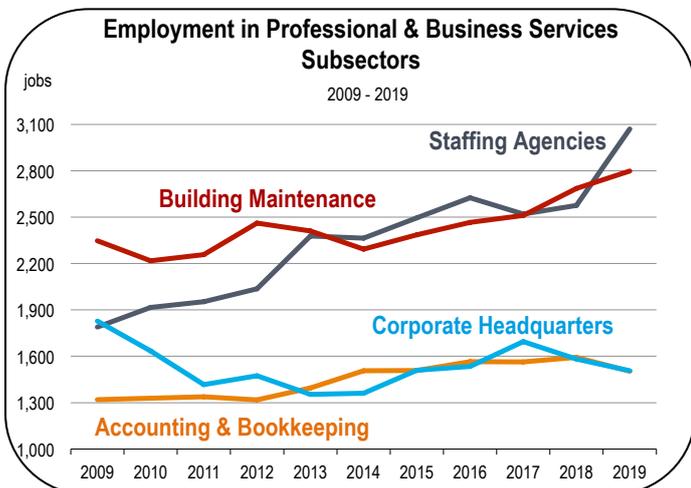
- The professional and business services industry has a diverse array of subsectors, and each was impacted differently during the recession and recovery phases of 2020.
- Jobs in corporate security and building maintenance declined substantially during the shutdowns but began to rebound at office and industrial buildings with repopulating employment.
- Staffing agencies had significant losses during the contraction, but may bounce back quickly in 2021.



# Stanislaus County Economic Forecast

Professional & Business Services Sub-Sectors 2019	Jobs in Subsector	Subsector's Share of Overall Industry
Staffing Agencies	3,300	21.4%
Building Maintenance	3,000	19.5%
Corporate Headquarters	1,600	10.4%
Accounting & Bookkeeping	1,600	10.4%
Corporate Security	1,200	7.8%
Engineering & Architecture	1,000	6.5%
Law	800	5.2%
Custom IT Services	500	3.2%
Call Centers & Collections Agencies	400	2.6%
Scientific Research	300	1.9%
Marketing and Advertising	200	1.3%
Business Consulting	200	1.3%
Other	1,300	8.4%

- Staffing agencies primarily employ temp workers. Temp workers are usually laid off first during a downturn but hired back first during a recovery.
- Aside from security, maintenance, and staffing agencies, most subsectors of the professional business services industry were able to operate remotely and were less affected by the recession.

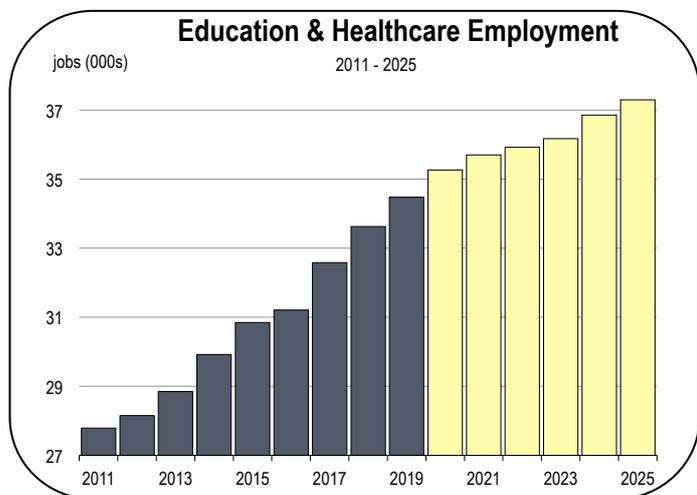


## Information Employment

- In Stanislaus County, the information sector is largely comprised of movie theaters and telecommunications companies like Comcast.
- Telecommunications jobs were classified as essential and these workers remained employed during shelter-in-place. Consequently, employment was not impacted as it was in other sectors.
- Movie theater employment may not return to pre-recession levels until 2021 or later as strict social distancing policies will likely reduce the number of customers that are allowed into theaters.
- Many TV, radio, and newspaper workers were allowed to remain in their jobs, but advertising revenues shrank with the rest of the economy, giving employers little choice but to issue layoff notices.

Information Sub-Sectors 2019	Jobs in Subsector	Subsector's Share of Overall Industry
Telecommunications	400	40.0%
Movie Theaters	250	25.0%
Radio & TV Broadcasting	100	10.0%
Newspaper / Magazine / Book Publishing	100	10.0%
Software Publishers	100	10.0%
Other	50	5.0%

# Stanislaus County Economic Forecast



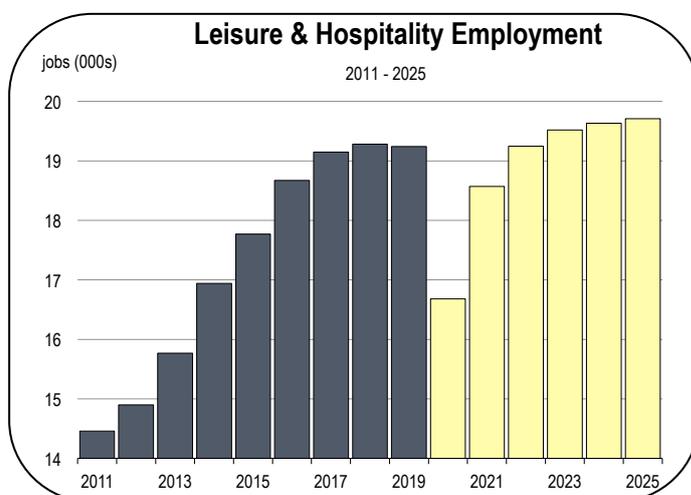
- Virtually all information subsectors are in long-term patterns of decline or stagnation except software publishers. Software publishers will be responsible for most job growth in the information industry during the forecast period.

## Private Education and Healthcare Employment

- There were 23,000 healthcare jobs in Stanislaus County in 2019.
- Healthcare jobs were recession proof during the 2008-2009 financial crisis, and the Coronavirus Recession of 2020 will also have very little impact on healthcare employment in Stanislaus County.
- There were approximately 10,000 social assistance jobs in 2019, including industries like childcare, housing shelters, and non-medical care for senior citizens.
- There were also 1,000 jobs in private schools and colleges, tutoring services, vocational schools, and other educational organizations.
- Jobs in social assistance and education were mostly classified as essential. Nevertheless, there were layoffs at institutions with revenue shortfalls.

## Leisure and Hospitality Employment

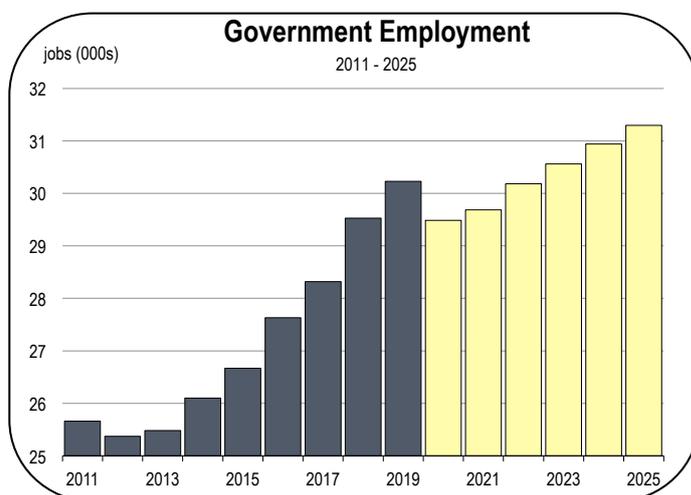
- The leisure and hospitality industry was devastated by the recession more than any other sector of the labor market.
- In 2019, Stanislaus County had 17,000 jobs in restaurants, hotels, and bars. Our research indicates that most were laid off, furloughed, or had their hours cut in the months of March and April.
- Restaurant, hotel, and bar jobs will slowly get back to work during 2021 and 2022.



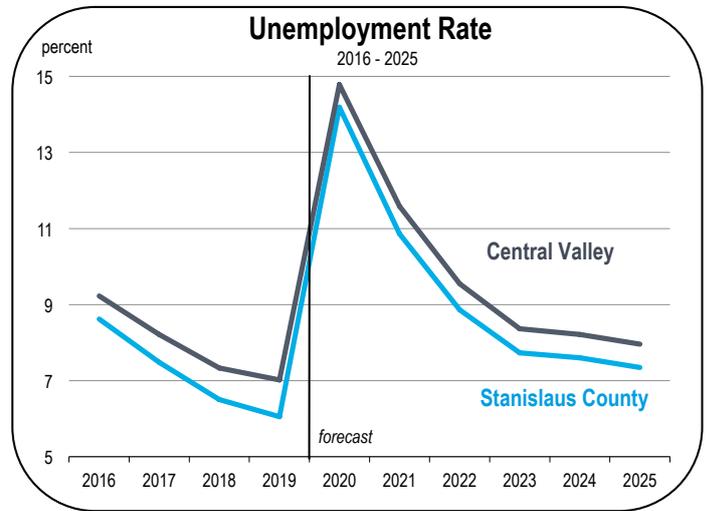
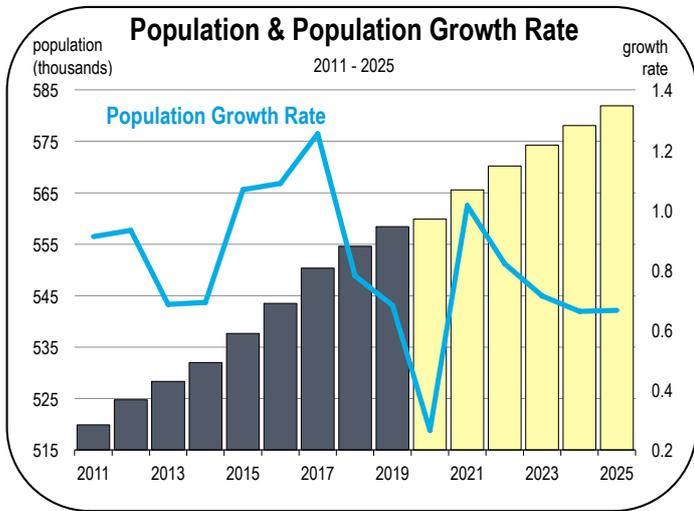
- Stanislaus County also had 2,200 jobs in entertainment and recreation in 2019, including things like fitness centers, museums, and golf courses. Many of these organizations will operate at reduced capacities through 2020 and potentially into 2021.

## Government Employment

- Government agencies are expected to lose revenue from taxes and fees in 2020, and these revenue shortfalls will likely persist into 2021 and 2022.
- When government agencies need to reduce expenditures on salaries, many workers are expected to be given unpaid furlough days that are distributed throughout the year, and many staffing reductions could be the result of hiring freezes rather than layoffs.
- However, if revenue shortfalls are severe and Congress does not appropriate funding to mitigate these shortfalls, government agencies may have no choice but to issue layoffs.



# Stanislaus County Economic Forecast

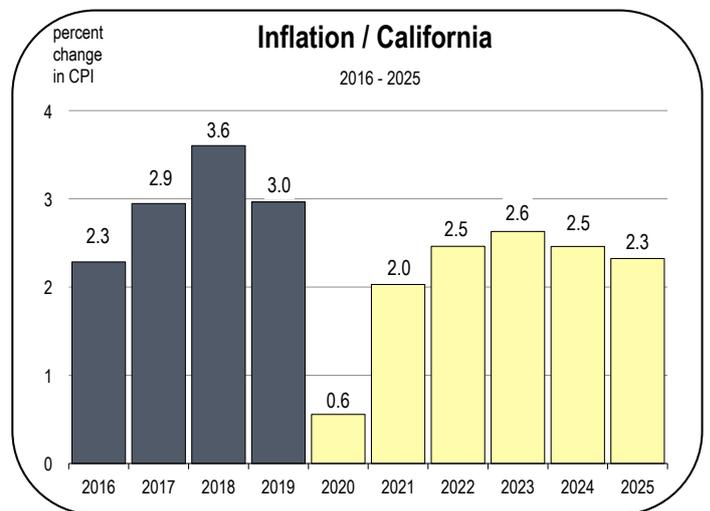
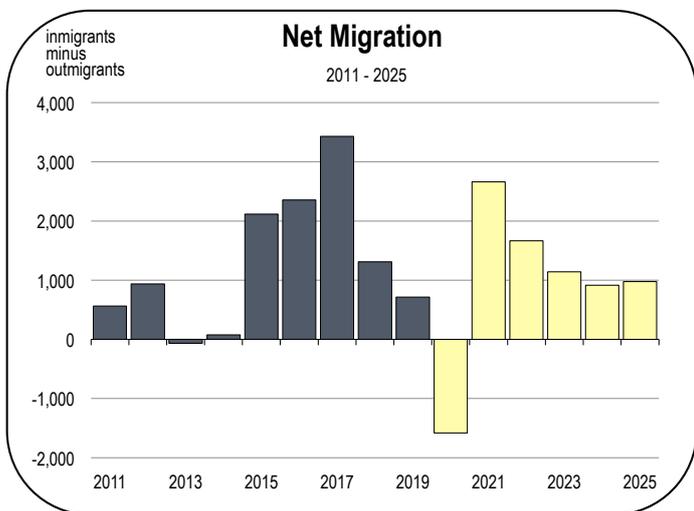


## Population Growth

- The Stanislaus County population is expected to expand more slowly than the Central Valley average between 2020 and 2025.
- Net migration is expected to be a meaningful contributor to population growth as residents relocate from Coastal California for the affordable housing options in Stanislaus County.
- In 2020, out-migration is expected to exceed in migration, but between 2021 and 2025 an average of 1,500 net migrants are expected to move into the county each year.
- The population will expand at an annual average rate of 0.7 percent per year from 2020 to 2025.
- By 2025 the Stanislaus County population will surpass 580,000 residents.

## Unemployment and Inflation Rates

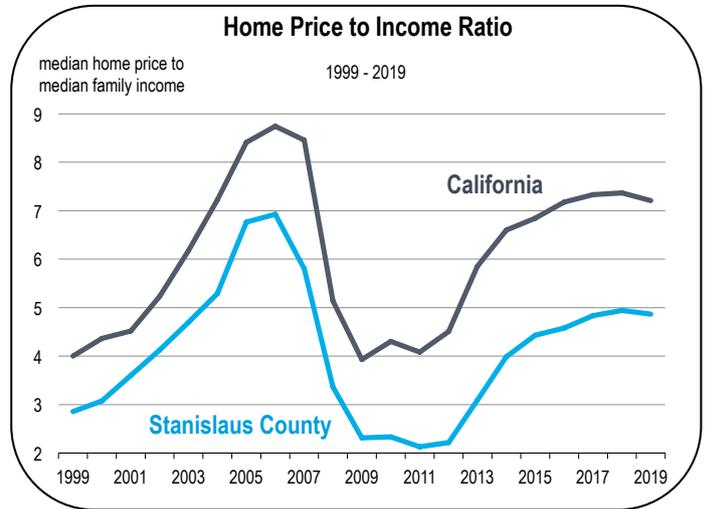
- The unemployment rate in Stanislaus County averaged 6.1 percent in 2019, which was similar to the composite rate for the Central Valley.
- The unemployment rate is expected to average between 13 and 15 percent in 2020.
- The unemployment rate is expected to remain elevated for several years, but is likely to improve more quickly than after the 2008-2009 recession.
- Inflation decelerated in 2019 as energy prices declined and home prices increased more slowly than the previous year.
- Inflation is expected to be very low in 2020 but could accelerate in 2021 or 2022.



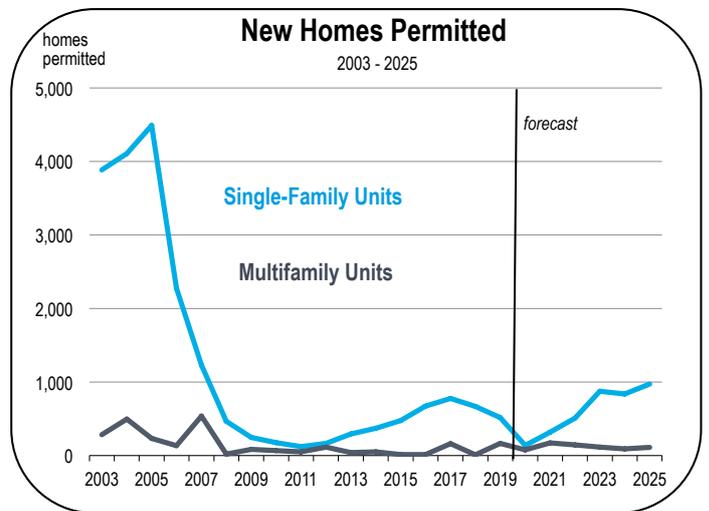
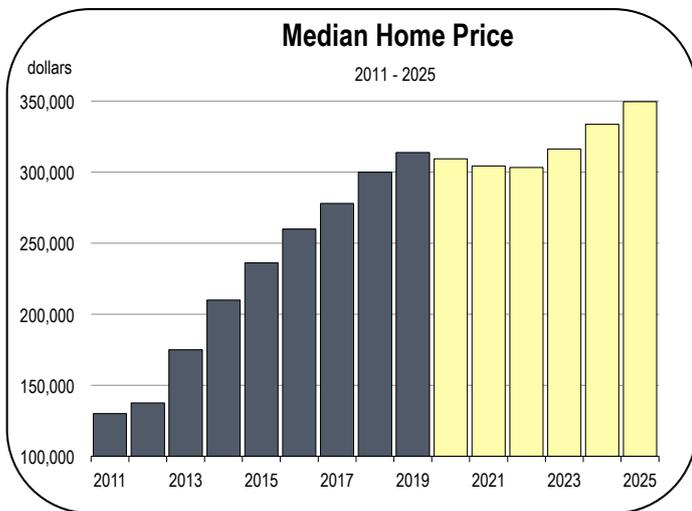
# Stanislaus County Economic Forecast

## Home Prices and New Housing Production

- In 2019 the median home price in Stanislaus County was \$313,800. The median price is not expected to change much in 2020 or 2021.
- Homes in Stanislaus County are more affordable than homes across California, especially Coastal California.
- In Stanislaus County, the typical household spends less than 25 percent of its pre-tax income on mortgage payments or rent.
- Along Coastal California the typical household spends more than 35 percent of income on housing costs, and in very expensive markets like San Francisco, housing costs often account for more than 50 percent of income.
- From 2014 to 2019, an average of 650 new homes were started per year in Stanislaus County. Approximately 90 percent were single-family homes.



- Housing production is expected to average 700 units per year from 2020 to 2025, consisting mostly of single-family homes.



# Stanislaus County Economic Forecast

## Economic Indicators

## 2015-2019 History, 2020-2050 Forecast

	Population (people)	House- holds (thousands)	Net Migration (people)	New Homes Permitted (homes)	Registered Vehicles (thousands)	Personal Income (billions)	Taxable Retail Sales (billions)	Total Taxable Sales (billions)	Real Industrial Production (billions)	Real per Capita Income (dollars)	Unemployment Rate (percent)	Real Farm Production (billions)	Inflation Rate (percent)
2015	537,658	166.6	2,115	490	478	\$21.9	\$5.4	\$8.2	\$4.8	\$45,714	9.5	\$4.4	1.5
2016	543,509	167.5	2,357	686	496	\$22.3	\$5.7	\$8.7	\$4.6	\$45,152	8.6	\$3.6	2.3
2017	550,324	165.6	3,430	939	499	\$23.1	\$6.0	\$9.0	\$4.6	\$44,766	7.5	\$3.9	2.9
2018	554,616	165.2	1,312	680	508	\$24.3	\$6.2	\$9.3	\$4.7	\$45,035	6.5	\$3.7	3.6
2019	558,395	165.7	714	680	526	\$25.7	\$6.4	\$9.7	\$4.9	\$46,041	6.1	\$3.7	3.0
2020	559,873	165.8	-1,581	217	528	\$25.5	\$5.9	\$8.9	\$4.7	\$45,303	14.2	\$3.8	0.6
2021	565,554	166.4	2,661	488	531	\$26.0	\$6.3	\$9.6	\$4.7	\$44,758	10.9	\$3.9	2.0
2022	570,195	167.1	1,665	657	533	\$27.5	\$6.6	\$10.0	\$4.9	\$45,951	8.9	\$3.9	2.5
2023	574,264	167.9	1,141	989	537	\$29.2	\$6.9	\$10.5	\$5.1	\$47,075	7.7	\$4.0	2.6
2024	578,066	168.9	915	930	541	\$30.8	\$7.3	\$11.0	\$5.2	\$48,146	7.6	\$4.0	2.5
2025	581,910	169.9	976	1,084	544	\$32.3	\$7.6	\$11.5	\$5.3	\$49,128	7.3	\$4.1	2.3
2026	585,537	170.9	780	943	547	\$33.7	\$8.0	\$12.0	\$5.4	\$49,700	7.2	\$4.1	2.3
2027	589,591	171.9	1,216	997	549	\$35.1	\$8.3	\$12.6	\$5.5	\$50,353	7.2	\$4.2	2.2
2028	593,763	172.9	1,352	1,130	551	\$36.6	\$8.7	\$13.1	\$5.6	\$50,977	6.9	\$4.2	2.2
2029	597,810	174.0	1,230	1,242	555	\$37.9	\$9.0	\$13.5	\$5.7	\$51,315	7.0	\$4.3	2.3
2030	601,734	175.2	1,128	1,286	557	\$39.3	\$9.2	\$13.8	\$5.7	\$51,697	7.3	\$4.3	2.2
2031	605,511	176.4	1,051	1,178	559	\$40.7	\$9.4	\$14.2	\$5.8	\$52,100	7.1	\$4.4	2.1
2032	609,162	177.5	1,033	1,011	561	\$42.1	\$9.6	\$14.5	\$5.8	\$52,353	7.2	\$4.4	2.3
2033	612,483	178.5	724	863	564	\$43.5	\$9.9	\$14.9	\$5.9	\$52,842	7.4	\$4.5	1.9
2034	615,511	179.4	493	751	567	\$45.0	\$10.1	\$15.2	\$5.9	\$53,293	7.3	\$4.6	2.1
2035	618,360	180.1	364	706	569	\$46.6	\$10.3	\$15.6	\$6.0	\$53,723	7.3	\$4.6	2.2
2036	621,315	180.9	536	701	570	\$48.3	\$10.6	\$16.0	\$6.0	\$53,989	7.6	\$4.7	2.6
2037	623,976	181.5	302	702	575	\$50.0	\$10.9	\$16.5	\$6.0	\$54,184	7.5	\$4.7	2.7
2038	626,641	182.3	435	615	578	\$51.8	\$11.2	\$16.9	\$6.0	\$54,536	7.5	\$4.8	2.5
2039	629,182	182.9	477	698	582	\$53.6	\$11.6	\$17.4	\$6.1	\$54,814	7.4	\$4.9	2.7
2040	631,375	183.6	329	608	586	\$55.5	\$11.9	\$17.9	\$6.1	\$55,114	7.4	\$4.9	2.6
2041	633,414	184.2	328	630	590	\$57.4	\$12.2	\$18.4	\$6.1	\$55,481	7.3	\$5.0	2.4
2042	635,520	184.8	494	587	595	\$59.4	\$12.5	\$18.8	\$6.2	\$55,892	7.3	\$5.1	2.3
2043	637,642	185.5	564	624	599	\$61.4	\$12.8	\$19.3	\$6.2	\$56,338	7.2	\$5.1	2.2
2044	639,742	186.1	529	585	602	\$63.3	\$13.1	\$19.7	\$6.3	\$56,805	7.2	\$5.2	2.0
2045	641,657	186.7	399	584	606	\$65.3	\$13.4	\$20.2	\$6.3	\$57,175	7.2	\$5.3	2.2
2046	643,595	187.3	446	552	610	\$67.4	\$13.7	\$20.7	\$6.3	\$57,561	7.2	\$5.3	2.1
2047	645,505	187.8	463	497	612	\$69.4	\$14.0	\$21.1	\$6.4	\$57,930	7.1	\$5.4	2.1
2048	647,380	188.3	467	479	614	\$71.6	\$14.4	\$21.6	\$6.4	\$58,308	7.1	\$5.5	2.1
2049	649,115	188.8	398	420	616	\$73.8	\$14.7	\$22.1	\$6.4	\$58,699	7.1	\$5.5	2.1
2050	650,686	189.3	312	438	619	\$76.0	\$15.0	\$22.6	\$6.5	\$59,102	7.1	\$5.6	2.1

## Employment Sectors

## 2015-2019 History, 2020-2050 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
	(thousands of jobs)											
2015	181.0	14.6	8.5	21.3	7.5	28.2	5.2	14.2	0.9	30.9	17.8	26.7
2016	186.4	14.9	9.0	21.8	8.2	28.7	5.3	14.6	1.0	31.2	18.7	27.6
2017	189.2	14.3	9.3	21.4	7.7	29.4	5.3	14.9	1.0	32.6	19.2	28.3
2018	193.6	14.4	10.2	21.6	8.0	29.5	5.3	15.4	1.0	33.6	19.3	29.5
2019	195.9	14.8	10.5	21.4	8.8	29.0	5.3	15.3	1.0	34.5	19.2	30.2
2020	187.1	14.6	9.6	20.5	8.1	26.9	5.0	14.6	0.9	35.3	16.7	29.5
2021	192.8	14.6	10.0	21.0	8.3	28.1	5.0	15.2	0.9	35.7	18.6	29.7
2022	196.9	14.6	10.6	21.3	8.7	28.7	5.1	15.8	0.9	35.9	19.2	30.2
2023	199.7	14.7	10.8	21.4	9.1	29.3	5.2	16.0	1.0	36.2	19.5	30.6
2024	201.8	14.7	10.8	21.4	9.3	29.6	5.2	16.1	1.0	36.9	19.6	30.9
2025	203.5	14.7	10.9	21.5	9.5	30.0	5.2	16.2	1.0	37.3	19.7	31.3
2026	204.4	14.7	10.7	21.5	9.6	30.3	5.3	16.3	1.0	37.6	19.6	31.5
2027	206.0	14.7	10.7	21.5	9.7	30.6	5.3	16.4	1.0	38.2	19.9	31.7
2028	207.3	14.7	10.7	21.6	9.8	30.9	5.3	16.5	1.0	38.6	20.0	31.9
2029	208.3	14.7	10.9	21.6	9.8	31.0	5.3	16.6	1.0	39.2	20.0	32.0
2030	209.4	14.7	10.8	21.5	9.9	31.1	5.3	16.6	1.0	39.6	20.2	32.2
2031	210.5	14.7	10.9	21.6	9.9	31.1	5.3	16.7	1.0	40.3	20.2	32.4
2032	211.3	14.7	10.7	21.5	9.9	31.2	5.3	16.8	1.0	41.0	20.2	32.6
2033	212.4	14.7	10.5	21.5	9.9	31.3	5.3	16.9	1.0	41.7	20.3	32.8
2034	213.6	14.7	10.6	21.5	9.9	31.3	5.3	16.9	1.0	42.4	20.4	33.0
2035	214.7	14.8	10.5	21.5	10.0	31.4	5.3	17.0	1.0	43.0	20.6	33.2
2036	216.0	14.8	10.5	21.5	10.0	31.5	5.3	17.1	1.0	43.9	20.7	33.4
2037	216.8	14.8	10.5	21.5	10.0	31.5	5.2	17.2	1.0	44.3	20.8	33.6
2038	217.9	14.8	10.3	21.5	10.0	31.6	5.2	17.2	1.0	45.1	20.9	33.8
2039	219.1	14.8	10.3	21.5	10.0	31.6	5.2	17.3	1.0	45.8	21.0	33.9
2040	220.0	14.8	10.3	21.5	10.0	31.7	5.2	17.4	1.0	46.5	21.1	34.1
2041	221.0	14.8	10.3	21.5	10.0	31.7	5.2	17.5	1.0	47.0	21.2	34.3
2042	222.0	14.8	10.3	21.5	10.0	31.8	5.2	17.5	1.0	47.5	21.2	34.5
2043	223.1	14.8	10.3	21.5	10.0	31.9	5.2	17.6	1.0	48.2	21.3	34.7
2044	224.1	14.8	10.4	21.5	10.0	32.0	5.2	17.7	1.0	48.7	21.4	34.9
2045	225.0	14.8	10.4	21.5	10.0	32.0	5.2	17.8	1.0	49.1	21.5	35.1
2046	225.9	14.8	10.3	21.5	10.0	32.1	5.2	17.8	1.0	49.6	21.6	35.3
2047	226.8	14.8	10.3	21.5	10.0	32.2	5.2	17.9	1.0	50.0	21.7	35.5
2048	227.8	14.8	10.3	21.5	10.0	32.2	5.2	18.0	1.0	50.6	21.8	35.7
2049	228.8	14.8	10.2	21.5	10.0	32.3	5.2	18.1	1.0	51.2	21.9	35.9
2050	229.8	14.8	10.2	21.5	10.1	32.4	5.2	18.1	1.0	51.7	22.0	36.1

# Stanislaus County Economic Forecast

## Socioeconomic Indicators

